

Payment systems and the National Bank Act

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The National Bank Act gives the Swiss National Bank oversight of systemically important payment systems and securities settlement systems. The Financial Market Infrastructure Act requires a licence for payment systems that are operated by persons other than banks, if the protection of the functioning of the financial market requires it.¹ A stablecoin arrangement that becomes widely used for payments could fall within these rules. FINMA published guidance in 2019 that addressed the application of the payment system rules to stablecoin projects, prompted in part by the Libra project, which Facebook announced in 2019 and which applied for a licence as a payment system in Geneva.²

The Libra episode showed the limits of Swiss openness. The Swiss authorities were prepared to examine the project under the existing law, but they made clear that a global stablecoin would face requirements comparable to those for systemically important banks. International political pressure and the withdrawal of partners led to the abandonment of the project in 2022. For Zug, the episode confirmed that the Swiss authorities distinguish between the development of the technology, which they support, and the creation of private currencies with systemic reach, which they view with caution.

1 Notes

1. Financial Market Infrastructure Act (FinMIA, SR 958.1), Art. 81 ff., and National Bank Act (NBA, SR 951.11), Art. 19–20, fedlex.admin.ch (English versions as of 1 August 2021): a payment system clears and settles payment obligations on the basis of uniform rules and requires a FINMA licence where this is necessary for the proper functioning of the financial market; the SNB oversees systemically important central counterparties, central securities depositories, payment systems and

Payment systems and the National Bank Act

DLT trading facilities in order to protect the stability of the financial system. ↩

2. FINMA, press release and "Supplement to the guidelines for enquiries regarding the regulatory framework for initial coin offerings (ICOs)", 11 September 2019, finma.ch: a project such as Libra, based in Geneva, would require a payment system licence under the FinMIA and would have to meet bank-like requirements for capital, risk diversification and liquidity. FINMA, press release "Libra Association: FINMA initiates licensing process", 16 April 2020, finma.ch: the Geneva-based Libra Association applied for a payment system licence under the FinMIA. ↩

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